

## CONNOLLY FIRM FAKED NOTE TIP

Senior Partner Denies There  
Was Leak From Wilson's  
Brother-in-law.

HIS CUSTOMERS LOST

Washington Broker Ignorant  
of Any Congressman Specu-  
lating in Stocks.

A few words slightly spoken before a body of serious minded men caused the only clue to the Wilson note leak to disappear into the intangible at 3:10 o'clock yesterday afternoon. Though the members of the Rules Committee of the House of Representatives wrestled desperately till 5:30 they could not make the clue, with which they started out the morning, lead them anywhere except into more mystery.

The searchers after truth—for such are the legislators in this instance—followed their trail to the idle gossip and the flight of fancy of a rising young broker, who is no other than the partner of R. W. Bolling, the President's brother-in-law.

As the committee and their clever counsel, Sherman L. Whipple, are not mind readers and could not read the mind of F. A. Connolly, president of F. A. Connolly & Co., brokers, of Washington, D. C., they were compelled to drop the search for the day. They have hopes that the coming day and more witnesses may enable them to get out of the blind alley where they dropped their hunt for the day.

Connolly's Forenoon.

In other words, young Mr. Connolly, a veritable perfect exhibition of sartorial art, told the committee that he had furnished the information on which E. F. Hutton & Co. had based a message to their forty-six correspondents throughout the country giving an accurate forecast of the President's note before the world was supposed to have any inkling concerning it.

He had wired the New York brokers the information that the note had been sent before the world knew anything about it—and he had said it would afford an opportunity to place the American side on record and had interpreted the note as a warning against further encroachments by the warring Powers on the rights of neutrals.

The information was wonderfully accurate, agreed the statesmen, but all the dapper young broker raised one hand gracefully, and with forefinger extended and with a flourish, announced that he had practically faked the message. No, he did not believe it when he wired it to New York, for if he had, he, like Bernard M. Baruch, would have sold the market fast and hard and tight all day long. Instead, his customers lost money, more than \$40,000 during the market break as the result of the peace talk.

For hours he withstood the examination and cross-examination of the countenances of the learned, smiling, cheerful and almost delighted over his work of creative fiction—for such, in fact, he termed it. The contents of his message were not dictated to him by any one. He had not even discussed it with Mr. Bolling or R. W. Robertson, his other partner. He never had discussed the President's peace note with Mr. Bolling at any time.

How He Got His Tip.

On December 20, the day before the publication of the President's note and the day on which Secretary Lansing had called the newspaper men to the State Department to tell them that something important was coming, he had not learned of that fact. He had picked up no information about the forthcoming note from anybody. But at 1:15 P. M. of that day—just before or just after a quick lunch—he had received a telegram from E. F. Hutton & Co., reading: "Stock flash. Reports have it that State Department will issue statement to-day intended to promote peace prospect."

Young Mr. Connolly posted the bulletin on the board in the customers' room, circulated a few minutes among the thirty or forty customers—he could not remember the name of one of them—talked with them, and then taking his pencil in hand he sat down and wrote over the telegram to E. F. Hutton & Co. That telegram was the basis of Hutton's definite announcement at 1:54 P. M., and it was exactly what he had received, note and striking the keynote of Secretary Lansing's talk with reporters on the following day, referring to the danger of war.

But it took young Mr. Connolly just seven minutes to rewrite the message yesterday as he recalled it. Even at that he left out the most striking part, namely, that referring to a protest against the encroachment on the rights of neutrals.

An Appealing Witness.

Mr. Connolly was as much a delight to the spectators that thronged the inquiry room in the Custom House as he was a mystery to the committee. In dress he was appealing to the eye. He had prepared himself at the tailor's and the barber's and the jeweller's for the appearance before the Rules Committee. Tall and slender, he wore a cutaway coat, with gray trousers and a most natty waistcoat that might be described as champagne colored, but the light of which kept everybody guessing all afternoon. A high collar, with a large tie fastened with a large pin sparkling with diamonds, added to the effect and made his ring shine from his little finger. His dark hair was parted down carefully.

He is somewhat dark of complexion, with dark eyes that lighted up with quiet enjoyment as he testified, but never in the most embarrassing periods of his examination—if he felt embarrassed he never exhibited any signs thereof—did color mount to his high cheekbones. He occasionally would rub his long, slender hands together or moisten his thin lips. He had a soft, lazy drawl to his voice, using "ah" for "oh" and dropping at times into Southern colloquialisms.

Young Mr. Connolly kept the throng in good humor too, or rather he kept them, for two and one-half hours with his striking testimony and with his actions and his observations about life in Washington. His assertion that he never knew a Representative or a Senator or a Cabinet member—and he was in position to know—to speculate in stocks. He also told how by "keeping an ear to the ground" any person, "if he's at all clever," can learn a lot of things in Washington.

vestigation, but he insisted also that neither he nor members of his firm had the "confidential information" they had sent to their correspondents. His testimony brought out a startling contrast. Whereas Mr. Baruch had no advance knowledge of the President's note, using his judgment, E. F. Hutton & Co. and their correspondents had the real news in advance of everybody else and large sums were lost by their customers.

When Connolly was called he walked forward to the committee table and bowing profoundly raised his hand to take the oath to tell the whole truth and nothing but the truth. He smiled as he did so and then took his seat. Spectators guessed his age at about thirty-two. Connolly was straightway questioned concerning the organization of F. A. Connolly & Co. and in a soft, drawing voice he gave his personal history from his graduation in 1905 from the University of Virginia to the formation of his firm in last August. He said that he had served as assistant manager for the Washington branch of Harriman & Co., brokers, for six years. He quit that firm in June, 1915, and then he and Mr. Whipple, who he said he met next he replied:

"Got married and went on my honeymoon until September."

When Mr. Whipple explained to the witness that he did not have to tell everything, "Oh, I haven't any objection," was his reply as he swung alertly around and posed in his chair for the first time. He said that he had set off a flashlight. The committee seized the opportunity to pair themselves for the vote on the Immigration bill. The vote was 10 to 1 in the House of Representatives.

Organization of the Firm.

With the resumption of the testimony Connolly got down to the details of the organization of his firm in August. He had as his partner Mr. W. Robertson, formerly cashier in a bank. "I talked to R. W. Bolling about the partnership," he said, "but he was tied up with some construction work and he said he could not join the partnership just then. He said he would go ahead and form the firm and if he could join the firm he would do so. I may have told Mr. Hutton about that."

Connolly explained that the arrangement was that Mr. Robertson and Mr. Bolling were to pay him \$20,000 for an interest in the firm. That amount was to belong to Connolly, who in turn was to use the money to buy stock for the firm. He said that he had bought his seat on the exchange and was admitted as a member of the New York Stock Exchange.

Connolly, who, at Mr. Whipple's instance, was giving information as to what he had told Mr. Hutton about last October had told Mr. Hutton about F. A. Connolly & Co., said he had bought his seat on the exchange and was admitted as a member of the New York Stock Exchange.

Mr. Connolly made it plain that he was the only person in the firm who had any experience in the brokerage business and that he was actively in charge of the office. Asked what Robertson did, he threw out his chest and remarked:

"Ah, there's a good many things to do around a broker's office. There is the telephone to answer. [General laughter.] Now, Mr. Bolling was not around the office so much as Mr. Robertson and myself. He was there two or three hours a day. He had his clientele whom he would call on the telephone and advise them of the condition of the market."

He also told that he had received a telegram from E. F. Hutton & Co., reading: "Stock flash. Reports have it that State Department will issue statement to-day intended to promote peace prospect."

He said he would send gossip, but he did not know what Mr. Bolling or Mr. Robertson would have done. He or he learned of that fact. He had picked up no information about the forthcoming note from anybody. But at 1:15 P. M. of that day—just before or just after a quick lunch—he had received a telegram from E. F. Hutton & Co., reading: "Stock flash. Reports have it that State Department will issue statement to-day intended to promote peace prospect."

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bear with me." Oh, no, the confusion in the inquiry room didn't bother him.

Tests His Memory.

Whereupon he took up a pencil and paper and for seven minutes he was busy writing, erasing and writing, and erasing and modifying. Here is his message as he wrote it from memory:

"I am informed that the State Department will issue statement to-night putting forth America's position as a neutral and takes the opportunity to put before the world her rights as a neutral. Not looked on as a peace proposal, but as an opportunity to state America's rights as a neutral to the world. Looked on as a movement of moment."

Connolly overlooked the phrase in the Hutton & Co. message saying that the President's note would protect against further encroachment on the rights of neutrals. Why did he get the information? Why, from gossip, but not from any one gossip.

"I paraphrased the stock flash and the gossip I heard in the room," he testified as one forefinger touched one cheek lightly. He had written it hurriedly as "it came to me." When the last message from Hutton & Co. of which his partner, Mr. Robertson, was the foundation, arrived, he did not read that and did not notice the similarity of Hutton's message and his own.

The broker produced the records of the transactions from December 10 to December 23 and then he got the information. He said he had not heard of December 20 the fact that Secretary Lansing had intimated to the reporters that there would be an announcement in the evening.

Here Mr. Whipple finished his line of inquiry and Representative Finke J. Garrett took up the questioning. To Mr. Connolly explained that he had talked with Mr. Bolling between 10 and 11 o'clock that morning, but neither he nor Mr. Bolling had said anything about the peace note then or at any time thereafter. He was absolutely sure of that.

"Did the fact of his [Bolling's] relationship with the President of the United States have anything to do with his being admitted to the firm?" was asked. "Absolutely not."

Relationship Not Paraded.

"Was any suggestion ever made to persons sought as customers that the relationship of Mr. Bolling to the President might be a recommendation?" "Absolutely not," said the broker, throwing out his chest.

"Is any member of the Senate or House of Representatives one of your clients?" asked Mr. Whipple. "No, sir," replied the young man, crossing one leg over the other. "In all my life in Washington I do not know of a single Representative or Senator who trades in the market, and I think I know every trader in Washington. And you bet your life I'd know if there were."

"There are not, I know every one of them, and you can bet I would know if there were any dummies among our traders?" asked Mr. Whipple. "Any member of the Cabinet?"

"I never have known a member of the Cabinet to trade. I never have been so highly honored," he said, and then, glancing nonchalantly over his list of customers, he said he had one Government clerk who traded in ten and twenty share lots.

"That's a false idea about Representatives and Senators trading in the stock market," he offered fluently. "I can swear I never handled any such accounts." He explained he was not a trader himself and that every client in his office lost money during the December drop in prices.

Representative Lenroot got the witness to admit that he did not exactly intend to impress Hutton & Co. with the idea that his message was reliable information and then Representative Bennett asked whether he suspected Hutton & Co. of sending out unreliable and sensational messages. No, he did not. He did not think that Hutton & Co. would send out as reliable a message of the sort.

But, continued Mr. Bennett, the message forecasting the President's note was marked confidential. Mr. Bennett desired to know what the witness meant by confidential.

Just a Play on Words.

"Just what it implies," was the retort. "Oh, the use of confidential—that's just a play on words." The witness threw his head back merrily. He said he had sent the message because he wished to make an impression on E. F. Hutton & Co. He attached no importance to his own message, otherwise he would have tried to get his customers out of the market. He had taken no message secret in his mind. "There was nothing the customers had not been inferred from the stock flash," he asserted.

"Where did you get the information that the message was going to be belittled and neutralized?"

"Just assumed it was going to be the world."

"Where did you get the phrase, 'Interpreted not as pressure on belligerents in behalf of peace but as an opportunity to put American demands on record'?"

didn't mean it, but he did want to make an impression on Hutton & Co. "You possessed a wonderful power of prophecy in this instance," commented Mr. Bennett, "and the phrasing in your telegram has the swing of a statesman, but still you say you evolved it out of your own consciousness."

"Well," said the witness suddenly. "I had attended a Gridiron dinner. I hope I am not betraying any confidence, but there I heard him saying something that made me believe there was going to be peace. But my telegram was merely an amplification of the stock flash message. You know," he continued, "you can hear almost anything in Washington, if you go around enough with your ear to the ground and are a bit clever."

Had No Informant.

"Is it not a fact that somebody gave you the information, either written or oral, and you sent it to Hutton & Co. without realizing what it meant?" "I certainly did not."

"You considered it a light transaction?" "I certainly did."

That ended Connolly's testimony for the day, but he will return to the witness stand to answer other questions.

When the inquiry was resumed in the morning Edward F. Hutton of Hutton & Co. was on the stand. He asserted that he never had seen or heard of Mr. Connolly, but that it had gone from Mr. Barrett, a member of the firm, who is now so ill that he would have to be taken to the inquiry on a stretcher if his presence there was desired, and the presence of Toomey was asked for.

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correspondents. He caused a laugh by adding that the jury will be interested to hear."

Mr. Hutton did not have those figures, but promised to get them. He had a statement, however, to show that at the close of business on December 20 the firm held for customers \$39,700 shares of long stock and had sold 24,100 shares short. He said that between December 10 and 23 Connolly & Co. of Washington had sent on \$50,000 additional margin and drawn down \$10,000.

To questions put by members of the committee, Hutton did not know of the peace talk that sent the market down, but it was Secretary Lansing's "war talk that killed the market."

A Representative Bennett made the witness admit that President Noble of the Stock Exchange, Pliny Fisk and Bernard M. Baruch, all representing different branches of the market, did not know of the rumor about the President's note on December 20 and that therefore the rumor was not current gossip. He got Mr. Hutton to admit that no other one of the fifteen or twenty wire houses had sent out on December 20 any such accurate forecast of the Wilson note as had Hutton & Co.

"Our information may have been more specific," said Mr. Hutton. He was led into a discussion of short selling by Chairman Henry and defended it as absolutely necessary to prevent panic, saying that if the Government prohibited short selling he would quit the brokerage business.

Mr. Hutton produced figures of the amount of additional margin sent in by correspondents throughout the country. He did not give them all, but said he had furnished \$2,668,000 and additional collateral.

The hearing will be resumed at 10 this morning.

\$68,654,843 INSURANCE PAID.

Mutual Life Company Gives Out

Figures for 1916.

Officials of the Mutual Life Insurance Company of New York yesterday made the public figures showing that in 1916 the company paid out \$68,654,843 in the form of death benefits, a sum exceeding the amount received directly from policyholders through premiums by \$7,748,183.97. This was possible from the fact that the interest from the company's investments amounted to \$29,076,952.44.

Policies already in force were increased in 1916 by \$6,221,132. Policies previously terminated were revived to the amount of \$2,518,849. The total new insurance put on the books in the year was \$184,218,013. The cash on hand at the close of the year was only \$4,831,965.63, it being the company's policy to keep its funds closely invested.

THREE GET \$25,000 SALVAGE.

American Seamen Get Award for

Saving the Tug Vigilant.

LONDON, Jan. 31.—Three American seamen, Robert Ferguson, mate; Thomas Walsh, John Smith, and Frederick McCall, were awarded the sum of \$25,000 each for saving the tug Vigilant on her voyage from New York to England. After the vessel had received her terrible buffeting the captain decided to abandon the ship, and with the majority of the crew was rescued by the steamer Tyndal. At the last moment the Ferguson called for volunteers to remain with the tug, and the two firemen decided to stay with him. Finally the three business men of the tug, Captain Cardy, the terrible storm, Ferguson handling the wheel and the firemen handling the engine room.

Ferguson got half of the \$25,000 award and the two firemen the other half.

SHIRTSWAIST GIRLS GET MORE.

Arbitration in Philadelphia Dis-

pute Awards 10 Per Cent. More.

PHILADELPHIA, Jan. 31.—A 10 per cent. increase in weekly wages was granted to shirtwaist workers in this city today by a board of arbitration of which Mayor Smith is chairman. In no instance is the increase to be less than \$1 a week. The board refused an increase of 15 per cent. asked for piece workers. The decision involves 8,000 workers, and has no relation to the present strike of clothing workers.

In explaining the rejection of the demands of the piece workers the board said a price committee in the shops, previously created, had power to deal with the matter.

Court Denies Teipser's Plea.

BUFFALO, Jan. 31.—Justice Charles H. Brown today refused to grant a certificate of reasonable doubt to John Edward Teipser, convicted of murder in the second degree for killing his mother, Mrs. Agnes M. Teipser. An appeal will be taken. Teipser's decision means that Teipser must be taken to Auburn forthwith to begin serving his sentence of twenty years to life.

Newspapers Raise Prices.

STEUBENVILLE, Ohio, Jan. 31.—The Steubenville Herald-Star and the Steubenville Gazette today announced that beginning to-morrow the price of the papers would be advanced from 14 cents a month to 16 cents a week, and single copies from one cent to two cents, owing to the high cost of paper.

Mr. Hutton said he was not influenced by any advice from Washington, including the telegram sent by Connolly. He said, however, that prior to his receipt he had sold 500 Goodrich Rubber and 500 Beet Sugar short. He had covered on the Rubber he still held the Beet Sugar. Mr. Whipple wanted to know what short selling or selling of long stocks had been done by customers after the sending out of the 1:54 P. M. telegram to

## IDEAL LUNCHEON IS 772 CALORY AFFAIR

Menu de Luxe Served to Special Company at Cost of  
25 Cents a Head.

HOT BREAD IS VINDICATED

Dr. King Tells Guests Women's  
Lack of Kitchen Knowledge  
Fills Divorce Courts.

MENU IDEAL.  
The Luncheon Beautiful, 25c.  
Cafe de Calory.

Cream of Corn Soup, 12c.  
Graham Roll, 10c.  
Butter, 10c.  
Broiled Lamb Chop, 10c.  
Baked Potato, 7c.  
Apple Lettuce Salad, 7c.  
Grapefruit with Sugar, 10c.

The luncheon beautiful came into being yesterday. Upon the ashes of the Cafe de Diet it arose full bloomed and sanitary. There was nothing that it lacked, neither fragrance, balance, strength, calories, nor the guiding hand of the midnight prince, Hannibal Vass-ey Parsons.

But it was no ordinary eight cent affair, this luncheon beautiful, but a slam-bang, swaggar, highbrow, repeat that cost a fraction over 25 cents per—per being plate and not day. In fact it was a course luncheon—four changes, and from the flow of wit and humor it followed the harvesting of the calories it might have cost the usual \$2.50.

Hannibal was in his glory, cooking for pure brains with absolutely no limit as to cost. There was really only one order and that was to keep the calories down. Men with strong brains and weak backs, as Hannibal himself explained later, need far less of these little things than the weak brain and strong back species. So instead of dining on say 1,200 calories, the guests ate only 772, something like 800. With care he counted out exactly 772 to a man and sent them forth.

Hot Bread Wins Victory.

'Tis a happy little paradox after all—this one of the bigger it seems the

smaller it is. For eight cents the thirteen police recruits were turned loose on 1,200 calories, while the luncheon guests yesterday chanced upon but 772 for the price of 25 cents.

Besides furnishing what the directors proclaim as a perfectly balanced and ideal meal for a small sum, the luncheon should still go down in history for one other reason. Dr. Eugene L. Vass-ey, director of the Life Institute, in charge of the whole diet test, punctured for all time the fallacy that hot bread was the cause of obesity. For these dozen words Dr. Vass-ey will be hailed by countless millions as being the champion joy bringer of the century.

Many thousands have been blinking their eyes, scratching their heads and wondering just what all this calory, two bit business was about. There was nothing that they could grab on to and be taken any place by. But it will all be different now—for here are the very words that men have long stood ready to give their right arms for. So let it be repeated on the eminent authority of one of the world's best known diet advisers: HOT BREAD IS NOT UNHEALTHFUL.

Why Police Demand More.

These golden words were spoken by Dr. Vass-ey following the luncheon. The other things that he had to say were of less importance to the race, although a million or so families will be glad to know that for 18 to 20 cents a day they can procure the necessary 2,500 calories and be well and completely nourished. The sum of 25 cents was spent on the police diet, according to Dr. Vass-ey, because physically they were hard working men and needed more food than the ordinary human being.

Dr. Frank Crane, who was one of the guests, suggested that there could be no more important study for the child than that of foods and said he believed this important phase of education should be taught in the public schools. Dr. M. J. King of the New York Life Insurance Company, in speaking of the necessity for the young housewife to be familiar with housekeeping, said the ignorance of the ordinary girl as to matters of the house and kitchen was responsible for a large percentage of the divorces that are filling the courts.

Other guests at the luncheon were Dr. Haven Emerson, City Health Commissioner; Dr. and Mrs. Louis W. Miller; Dr. and Mrs. George L. Fisher; Edwin E. Stinson and Hamilton Holt of the Independent; Frederick Lynch, editor of the Commercial Appeal; Frances Lawton, Jr. F. Hutter, Myra G. Reed, editor of McCall's; Mrs. Ella S. Crane, Dr. W. F. Snow and William Johnson.

The diet test will pass into history today when the thirteen police recruits and special guests will be given a banquet in the form of a calory carnival.

Chicago, Jan. 31.—Stamp taxes and penalties estimated at between \$2,000,000 and \$10,000,000 are involved in a decision against the Chicago Board of Trade which was given by Judge Evan A. Evans to-day.

A temporary restraining order issued against Collector of Internal Revenue Smetankin is dissolved by the decision of Judge Evans, sitting in the United States District Court, and in his opinion the Government is sustained in every point, including the right of examination of the books and records of the Board of Trade.

The decision grants to the Collector of Internal Revenue the right to assess and collect taxes and penalties on all transactions of the Board of Trade, whether completed deals of the members, offers or transfers of the Board of Trade. The court adds that the Collector has the further right to seize books and records of the board members in the process of ascertaining the amount of the taxes and the amount thereof to determine what taxes and penalties shall be assessed.

CHICAGO TRADERS HIT BY U. S. COURT RULING

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